

CAUSES OF INCENDIARY FIRES.

In Boston lately they have been successful in rounding up a gang of fifty fire-bugs who are now held for trial on charges of arson and defrauding fire companies. Leading up to this "bag" was a prolonged investigation, and the following statement by a fire insurance official who took a leading part in this investigation, as regards the causes of incendiarism is of wide interest to underwriters in communities, who are similarly afflicted as Boston has been:—

Every incendiary fire occurs by reason of some definite motive and when this motive is ascertained you have a clue to work upon to secure the necessary evidence.

1. Ignorance of the Law and its Consequences—The majority of the property owners and fire setters who are now under indictment and who are to be indicted never realized the enormity of the crime or the severe penalties attached thereto—it is safe to assume that if they had many of these fires would never have occurred. Away back in January last, I warned one of these fire setters, who has since been indicted on three counts, that he was due to be arrested for arson and he replied as follows:

"Did you see me set a fire? Can you swear under oath that you and another witness saw me apply the match?" He was under the impression that in order for the authorities to secure a conviction for this offense it was necessary to have witnesses who actually saw the match applied.

2. Over-Insurance—The underwriter will never be able to ascertain definitely the moral hazard of a risk by consulting a Dun's or Bradstreet's report; he must rely upon the honesty of the agent as to the physical and moral hazard and also the value of the property submitted for coverage. To be sure there is at present a large amount of such over-insurance in force but certainly not with the knowledge of the companies or it would quickly be reduced or cancelled.

FINANCIAL DIFFICULTIES.

3. Financial Difficulties of Merchants and Property Owners—A merchant fully covered by insurance finds himself in straitened circumstances with poor business and pressing creditors—it means bankruptcy. If he is unscrupulous, the sudden thought of the ease of securing plenty of funds by means of a fire comes to him; this is certainly preferable to bankruptcy as he then can continue in business with a better standing than ever. Or a property owner, also unscrupulous, finding he has made a bad bargain in a parcel of real estate, or having a parcel that is not rentable either by reason of requiring certain repairs or improvements, or finding mortgagees pressing for payments with no funds on hand to meet them, being in danger of having the property taken away from him, finds a ready way out of his difficulties through a fire.

4. Bad Condition of Buildings and Poor Conditions of Merchandise—Certain old buildings having no improvements and requiring considerable repairs and that in some instances should be condemned by the proper authorities are insured by some agents for the same amount for which a good and up-to-date building would be insured. Stock in trade is in many instances insured that is in most part unsalable and old merchandise; no proper investigation and appraisal of its value is made by

the agent—this fact in itself oftentimes acts as an incentive.

AUTHORITIES' FAILURE.

5. Failure of the Authorities to Condemn Unsafe and Dilapidated Buildings—In certain quarters of all large cities will be found old structures which are of little value, which should be condemned as a fire menace. They can be purchased with very little money and easily insured over their value and offer a ready inducement to the incendiary. If Boards of Health and Building Inspection departments were active in the condemnation of such buildings and not at times subservient to political influence they would have removed the causes of many fires.

7. Disloyal, Careless and Indifferent Agents—An agent who knowingly offers an undesirable risk to an insurance company should not be permitted to do further business; and as there are such agents in the business the sooner they are eliminated the sooner the loss ratio will drop. A careless or indifferent agent is a liability to his company because he does not take the trouble to inspect the risk offered by the applicant; he recommends to the underwriters any risk and when a fire does occur he can only offer the apology—"I now find he was not O.K. Cancel." A case of locking the stable door after the horse has been stolen. A carefully scrutinized list of such agents should be kept in the offices of all companies.

8. Unscrupulous Public Adjusters—Every special agent welcomes the honest public adjuster, his services are often of great value to the companies, while an unscrupulous adjuster can be instrumental in causing great loss. A certain public adjuster is known to have in his possession suit cases and bags filled with fire damaged wearing apparel which he offers as an inducement to the insured to secure his adjustment for the reason of securing a larger settlement with the help of the contents of the cases and bags. It is obvious therefore that the contents of the cases and bags have been paid for over and over again by the companies. These men are not experienced, they do not know sound or loss values or how to properly make a proof of loss, they bargain a claim, always trying to side step a reference for the reason that they would not know how to procure the same. They are known to employ runners and often work in conjunction with the firesetter.

THE PROFESSIONAL FIRESSETTER.

9. Soliciting by Firesetters—The usual method employed by the firesetter is to solicit property owners and storekeepers; he furnishes the expert knowledge and experience and the necessary courage to make a good and complete loss. The price of the expert varies; sometimes the job is done upon a regular commission basis and sometimes for a fixed rate. It must not be forgotten that the competition is as keen in this line of endeavor as in many legitimate enterprises.

The Imperial Life of Canada notifies that all participating policies with five year distribution period issued on and after July 1st will contain an added clause providing for an interim dividend in the event of death after the first policy year. This provision is retroactive in the case of previously written policies except those on the "deferred dividend" plan.